



*For Immediate Release*

## DCM Shriram Ltd. announces its Q1 FY19 financial results

### Net Revenue up 6%, PBDIT up 1.4%

- Margin and Working Capital pressures in sugar business lead to PAT going down by 6.5%.
- Sugar Margin turned –ve Rs 701/Qtl. Power and Ethanol provided part mitigation.
- Chemicals PBDIT up 114 % with higher volumes and margin.
- Projects in Chloro-Vinyl and Sugar (distillery and co-gen) businesses involving investments of Rs 1,300 crs progressing well.

New Delhi, 31<sup>st</sup> July, 2018: DCM Shriram Ltd. announced its Q1 FY19 financial results today.

### **Q1 FY19 Highlights**

	[Rs.cr]		
	Q1 FY18	Q1 FY19	Growth (%)
Net revenue from operations	1,946	2,068	6.3%
PBDIT	342	347	1.4%
PBIT	311	311	0%
Finance Cost	24	35	46.8%
PAT	233	218	-6.5%

### **Key Developments:**

1. **Net Revenues up:** at Rs 2,068 crore vs Rs 1,946 crore for same period last year:

- a. **Traded Products** - Revenue at Rs 291 crore, down by 22%.
- b. **Own Products** – Revenue at Rs 1,777 crore, up by 13%.

- i. **Chemicals** – Revenue up by 59% YoY with volumes gain of 13% and increase in net realizations by 39%. Revenue declined by 2% QoQ as realizations were down by 7% QoQ.
- ii. **Sugar** – Overall revenues down by 1% YoY (Sugar down by 12%. Growth in Power revenues by 106% and start of Ethanol sales from April' 18 mitigated the decline partly).
- iii. **Fenesta** – Revenues up by 20% YoY led by push from Retail Segment reflecting continuous growth.

2. **PBDIT** stood at Rs 347 crore vs Rs.342 crore over same period last year:

a. **Chemicals** – PBDIT up by 114% YoY at Rs 263 crore and down by 1% QoQ due to softening of prices.

b. **Sugar** – Overall PBDIT stood at Rs 7 crore vs Rs 115 crore for corresponding period last year. Sugar PBDIT turned –ve Rs 60 crore vis a vis +ve Rs 101 crore last year same period.

3. **PAT** down by 6% YoY to Rs 218 crore. EPS for the quarter at Rs 13.44 vs Rs 14.37 for the corresponding period last year.

4. **Gross Debt** as on June 30, 2018 stood at Rs. 1,035 crore vs. Rs 817 crore as on June 30, 2017. **Cash and Cash equivalents** stood at Rs. 396 crore vs Rs. 486 crore for the same period.

5. **The 150 KLD distillery** commissioned in Jan18 and Ethanol sales started from April' 18.

6. **New Project** - Board approved setting up of 200 KLD Distillery (instead of 100 KLD approved earlier) to be commissioned by Q3 FY20.

7. **Projects under implementation** at investment of  $\approx$  Rs. 1,300 crore over next 5-6 quarters in Sugar and Chloro-Vinyl segments, to be commissioned in phases.

8. Company started on 4<sup>th</sup> July 2018 its shares **Buy-back program** under Open Market route for an aggregate amount not exceeding Rs 250 crore and for a price not exceeding Rs 450/- equity share. It purchased and extinguished 19.84 lacs shares representing 1.22% of capital till 31<sup>st</sup> July, 2018.

**Commenting on the performance for the quarter, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said:**

*“The Company has reported another quarter of satisfactory performance. We have been consistently pursuing initiatives to strengthen all our businesses. The Company has been continuously investing to increase volumes, enhance competitiveness and strengthen the integration. These steps, we believe, will improve our returns profile and provide continuous growth.*

*We have achieved full utilization of expanded Chlor-Alkali Capacity. The plans to further expand capacity are progressing well and will become operational in phases during Oct.18 to Sept. 19. The new power plant to be commissioned in Oct.’19, will reduce power costs. We are working to increase captive chlorine consumption – commissioning of Aluminium Chloride plant in Q2’19 is a step in this direction.*

*In sugar business, we are further enhancing integration with additional power & distillery capacity to be commissioned in phases over next 18 months. This will provide stability to sugar business.*

*We are strengthening our product portfolio in Bioseed, Farm Solutions and Fenesta business to achieve sustained growth in these businesses.*

*With healthy cash generation and strong balance sheet, we will continue with our plan to strengthen our businesses and achieve earnings growth higher than the industry average.”*

## **Q1 FY19 Performance Overview & Outlook**

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### **CHLORO VINYL:**

- Q1 FY19 revenue up by 38% YoY.
  - Chemicals ECU prices increased by 39% YoY. Volumes up by 13% YoY.
  - Plastics revenue decline by 4% due to lower volumes.
- PBIT for Q1 FY 19 up by 92% YoY.
  - Chemicals PBIT up by 126% YoY, however, declined by 1% QoQ due to decline in realizations QoQ.
  - Plastics PBIT down by 19% YoY due to lower volumes and higher Power & Chlorine cost.

### **Outlook**

- Projects under implementation are progressing as per plan.
  - 332 TPD capacity at Bharuch to come on stream in phases by Q1 FY 20 and 168 TPD capacity at Kota to come on-stream in phases (84 TPD in Q3 FY19 and 84 TPD in Q3 FY20).
- ECU prices have been declining since Jan/Feb'18. PVC & Carbide prices are firm. Costs are stable.

### **SUGAR:**

- Q1 FY19 overall revenues Lower by 1% YoY. Sugar revenues down 12% YoY, Power up by 106%. Ethanol sales started in the quarter contributing to revenues and earnings.
- Sugar volumes up by 14% YoY and power volumes up by 103%. Sugar Prices for Q1 FY19 down by 24% YoY.
- Sugar production for season 2017-18 at 67.5 lac Qtls, was up 46% vs last season.
- The overall cost for the season was Rs 3,585 per Qtl (Last season: Rs 3,529/-). The overall margin for the quarter was -ve Rs 701 per Qtl (vs Rs 410 per Qtl last season).
- Sugar prices at Rs 2,773 per Qtl (vs Rs 3,635 per Qtl in Q1 FY18). By-product realizations at Rs 131 per Qtl of Sugar (vs Rs 303 per Qtl last year).
- Inventory valued at minimum stipulated selling price of Rs 2,900 per Qtl leading to further charge of Rs 30 crore during the quarter for inventory held on 30<sup>th</sup> June, 2018.

### **Outlook**

- Expansion of Sugar Capacity (5000 TCD) and Co-gen (30 MW) - to be completed by 3rd Quarter FY'19. Distillery of 200 KLD to be commissioned by Q3 FY20.
- Sugar prices presently  $\simeq$  Rs 3,250 per Qtl, but future outlook is uncertain.

### **SHRIRAM FARM SOLUTIONS:**

- Revenues lower during Q1 FY19 by 24%. Revenues of Bulk fertilizers down by 36%, part of strategy to reduce these activities.
- Value added inputs also registered lower sales, particularly BT Cotton seeds.
- Margins were satisfactory.

#### **Outlook**

- Planning to further reduce the volume of Bulk fertilizers going forward.
- Focus on value added products is expected to provide healthy growth and profits in medium term.

### **BIOSEED:**

- Revenues from India operations down by 8% YoY due to subdued revenue from BT cotton.
- Government reduced the selling price of BT cotton from Rs 800 per packet to Rs 740 per packet. Volumes down by 10% YoY.
- Margins were also lower due to lower selling prices.
- International operations revenues down by 6% due to lower volumes of corn primarily in Indonesia.

#### **Outlook**

- BT Cotton likely to remain under pressure.
- Expect growth in other crops as the new products gain acceptance.

### **FERTILIZER:**

- Q1 FY19 revenues increased by 36% led by higher realizations, reflecting higher energy costs.
- Subsidy outstanding as at 30<sup>th</sup> June, 2018 is Rs. 453 Crores Vs Rs 165 Crores as on 30<sup>th</sup> June, 2017 due to longer collection cycle under DBT scheme.

#### **Outlook**

- Expect steady production & margins going forward.
- Industry pursuing with government for faster subsidy payments.

## **OTHERS**

### **FENESTA WINDOWS SYSTEMS:**

- Q1 FY19 Net revenue increased by 20% YoY. Retail segment primary contributor to growth.
- Overall order booking up by 37% during the quarter. Retail segment maintaining healthy growth.

### **CEMENT:**

- Net revenue lower by 16% in Q1 FY19

### **HARIYALI KISAAN BAZAR:**

- The activities under Hariyali Kisaan Bazaar include fuel sales only. No. of fuel outlets have been reduced from 34 at June 17 to 23 presently.

## Q1 FY19 – Segment Performance

	Revenues			PBIT			PBIT Margins %	
Segments	Q1 FY18	Q1 FY19	YoY % Change	Q1 FY18	Q1 FY19	YoY % Change	Q1 FY18	Q1 FY19
<b>Chloro Vinyl</b>	<b>445.3</b>	<b>612.9</b>	<b>37.7</b>	<b>143.0</b>	<b>274.9</b>	<b>92.2</b>	<b>32.1</b>	<b>44.9</b>
<b>Sugar</b>	<b>625.7</b>	<b>618.1</b>	<b>(1.2)</b>	<b>108.1</b>	<b>(2.8)</b>	<b>-</b>	<b>17.3</b>	<b>(0.4)</b>
- Sugar	600.0	528.7	(11.9)	94.1	(70.2)	-	15.7	(13.3)
- Power	25.7	53.0	106.3	14.0	42.4	202.7	54.5	80.0
- Distillery	-	36.5	-	-	25.0	-	-	68.6
<b>SFS</b>	<b>276.7</b>	<b>211.4</b>	<b>(23.6)</b>	<b>10.7</b>	<b>9.8</b>	<b>(7.9)</b>	<b>3.9</b>	<b>4.7</b>
- Bulk	85.8	54.6	(36.3)	1.7	2.4	38.4	2.0	4.3
- Value Added	191.0	156.8	(17.9)	9.0	7.5	(16.7)	4.7	4.8
<b>Bioseed</b>	<b>306.5</b>	<b>281.9</b>	<b>(8.0)</b>	<b>79.3</b>	<b>47.7</b>	<b>(39.8)</b>	<b>25.9</b>	<b>16.9</b>
<b>Fertiliser</b>	<b>167.9</b>	<b>227.6</b>	<b>35.6</b>	<b>1.0</b>	<b>8.7</b>	<b>748.0</b>	<b>0.6</b>	<b>3.8</b>
<b>Others</b>	<b>221.9</b>	<b>213.4</b>	<b>(3.8)</b>	<b>10.1</b>	<b>11.8</b>	<b>16.6</b>	<b>4.6</b>	<b>5.5</b>
- Fenesta	77.2	92.4	19.7	5.6	10.9	92.7	7.3	11.8
- Cement	49.5	41.7	(15.7)	5.2	0.9	(83.3)	10.4	2.1
- Hariyali Kisaan Bazaar & others	95.1	79.3	(16.7)	(0.7)	0.1	-	(0.7)	0.1
<b>Total</b>	<b>2,043.9</b>	<b>2,165.4</b>	<b>5.9</b>	<b>352.3</b>	<b>350.2</b>	<b>(0.6)</b>	<b>17.2</b>	<b>16.2</b>
<b>Less: Intersegment Revenue</b>	97.9	97.5	(0.4)					
<b>Less: Unallocable expenditure (Net)</b>				41.4	39.4	(5.0)		
<b>Total</b>	<b>1,946.0</b>	<b>2,067.9</b>	<b>6.3</b>	<b>310.9</b>	<b>310.8</b>	<b>(0.0)</b>	<b>16.0</b>	<b>15.0</b>

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